

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
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HA-05 /071 W
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R 080841Z SEP 78
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC 8906
INFO AMCONSUL HONG KONG
USLO PEKING
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 06045
C O R R E C T E D C O P Y (FOR TEXT)
E.O. 11652: GDS
TAGS : PINS, PINT, TW
SUBJECT : GROC TAKES OVER INDEPENDENT NEWSPAPER

SUMMARY. IN AN APPARENT MOVE TO FURTHER RESTRICT
OPPOSITIONIST ACCESS TO MASS MEDIA DURING THE FORTHCOMING
ELECTIONS, THE KMT HAS BOUGHT OUT THE OWNER OF THE OFTEN
CRITICAL, PRIVATELY OWNED TAIWAN DAILY NEWS (TAICHUNG)
AND REPLACED THE EDITORIAL STAFF WITH MILITARY AND PARTY
STALWARTS. THE MOVE, ATTRIBUTED TO GENERAL POLITICAL
WARFARE DEPARTMENT DIRECTOR, GENERAL WANG SHENG, MAY ALSO
BE MOTIVATED BY HIS DESIRE TO ENHANCE HIS OWN POSITION.
END SUMMARY.

1. LOCAL NEWSPAPERS SEPTEMBER 1 ANNOUNCED THE SALE OF THE
INDEPENDENT TAICHUNG NEWSPAPER TAIWAN DAILY NEWS (TAIWAN
JIH PAO). THE PAPER IS KNOWN FOR ITS DETAILED COVERAGE
OF THE PROVINCIAL GOVERNMENT AND EXTENSIVE ATTENTION TO
NON-KMT POLITICIANS' ACTIVITIES - FIRST REPORTING NON-
PARTY CANDIDATES' SPEECHES AND RALLIES DURING LAST YEAR'S
ELECTIONS AND SUBSEQUENTLY NON-KMT PROVINCIAL ASSEMBLY
MEMBERS' SPEECHES. IN ADDITION, THE PAPER HAS RECENTLY
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CARRIED A SERIES OF ARTICLES ATTACKING THE LIEN HO PAO,
FOR VARIOUS "ERRORS," INCLUDING WHAT TAIWAN DAILY NEWS
CALLED "ADVOCATION OF A TWO-CHINA POLICY." LIEN HO
PAO'S CHAIRMAN WANG T'I-WU (3769/1912/0712) IS BELIEVED
TO BE CLOSE TO HIGH PARTY CADRES, INCLUDING GENERAL
WANG SHENG.

2. ACCORDING TO PRESS REPORTS, THE PAPER WAS SOLD FOR APPROXIMATELY US DOLLAR 2.3 MILLION TO (HENRY) HSU HENG (1776/0077), A CANTONESE BUSINESSMAN RESIDENT IN HONG KONG WHO IS ALSO A MEMBER OF TAIWAN'S INTERNATIONAL OLYMPIC COMMITTEE AND AN OVERSEAS CHINESE LEGISLATIVE YUAN MEMBER APPOINTED BY THE PRESIDENT. OTHER NAMES INVOLVED WITH THE NEW NEWSPAPER MANAGEMENT TEAM INCLUDE:

- -- CH'EN MAO-PANG (7115/5399/2831) - TO BE PUBLISHER.
- HE IS CHAIRMAN OF SAMPO AND TAIWAN ELECTRIC
- APPLIANCE MANUFACTURING ASSOCIATION AND CHAIRMAN
- OF THE FRIENDSHIP SOCIETY OF THE CHINESE ARMED
- FORCES.

- -- HSIEH TIEN-CHU (6200/1131/5900) - DIRECTOR.
- FORMER EDITOR-IN-CHIEF OF CHING NIEN CHAN SHIH PAO
- (YOUTH WARRIOR DAILY NEWS) OWNED BY GENERAL
- POLITICAL WARFARE DEPARTMENT OF MND.

- -- CHIN HSI-JEN (5427/3305/0086) - EDITOR-IN-CHIEF.
- FORMER EDITOR-IN-CHIEF OF PROVINCIAL GOVERNMENT
- OWNED NEWSPAPER TAIWAN HSIN WEN PAO IN KAOHSIUNG.

- -- TANG SHU-HSIUNG (0781/2885/4382) - CHIEF EDITORIAL
- WRITER. JUST RETIRED DIRECTOR OF YOUTH WARRIOR
- DAILY NEWS.

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3. ACCORDING TO VARIOUS RELIABLE SOURCES, THE PREVIOUS OWNER, FU CH'AO-SHU (0265/2600/2873) WAS FORCED TO SELL THE PAPER TO HSU (SOME PUT THE PRICE AT US DOLLAR 4.3 MILLION - PAYABLE IN US DOLLARS) AND "URGED" TO GO TO THE U.S. AND OPEN A NEW PAPER. FU'S EDITOR-IN-CHIEF, YU KUO-CHI (0060/0948/1015) - WHO RETURNED FROM AN ICA SPONSORED IV-GRANT TO THE U.S. ON AUGUST 26 - WAS REPORTEDLY FIRED AND ALSO ENCOURAGED TO JOIN FU IN THE U.S. OUR SOURCES BELIEVE THE ACTION WAS ORDERED ON AUGUST 30 BY GENERAL WANG SHENG. THE NEW OWNER'S LICENSE WAS ISSUED A MERE FOUR HOURS AFTER THE CONTRACT OF SALE WAS SIGNED. THE PURCHASE MONEY (WHETHER 2 OR 4 MILLION) APPARENTLY CAME FROM KMT OR MILITARY COFFERS.

4. THE PREVALENT OPINION AMONG OPPOSITIONISTS WE HAVE TALKED TO IS THAT WHILE THE GROUPEMENT HAS BEEN CAREFUL TO OBSERVE LEGALITIES, THE GOVERNMENT'S HAND IS CLEARLY BEHIND THE FRONT MEN. ALTHOUGH PUBLIC REPORTS HAVE IT THAT THE PAPER WAS IN FINANCIAL DIFFICULTY AND REFUSED TO REPAY LONG TERM BANK LOANS, THE REPUTED CASH PAYMENT AS WELL AS THE HEALTHY CIRCULATION OF THE PAPER WOULD

INDICATE OTHERWISE. OUR SOURCES INDICATE THE TAIWAN DAILY NEWS INCURRED THE DISPLEASURE OF THE GROC/KMT FOR ITS COVERAGE OF NON-PARTY FIGURES' ACTIVITIES AND CRITICAL ATTENTION TO PROVINCIAL POLITICS. WHILE OTHER INDEPENDENT PAPERS SUCH AS TAIPEI'S INDEPENDENCE EVENING POST AND KAOHSIUNG'S TAIWAN TIMES ALSO CARRY NEWS OF OPPOSITIONIST ACTIVITY, THEY ARE MORE CIRCUMSPECT ("BALANCED") IN THEIR REPORTING. TAIWAN DAILY NEWS EVIDENTLY STEPPED BEYOND THE LIMITS.

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5. THE TRANSFORMATION OF THE PAPER INTO WHAT IN EFFECT WILL BE A GOVERNMENT/KMT MOUTHPIECE WILL REDUCE THE NUMBER OF MASS MEDIA CHANNELS AVAILABLE TO NON-PARTY CANDIDATES DURING THE DECEMBER CENTRAL PARLIAMENTARIAN ELECTIONS. ONE OPPOSITIONIST SOURCE INDICATED THAT, ALTHOUGH THE TAIWAN DAILY NEWS COVERAGE WAS OF SOME HELP DURING LAST YEAR'S ELECTIONS AND WOULD BE MISSED THIS YEAR, HE DID NOT THINK ITS LOSS WOULD HAVE A SERIOUS ADVERSE EFFECT ON NON-PARTY CANDIDATES DURING THE UPCOMING ELECTIONS. COMPARED TO KMT CANDIDATES AND OFFICE HOLDERS, THE OPPOSITIONISTS HAVE NEVER HAD MUCH ACCESS TO NEWSPAPERS AND RELY MAINLY ON WORD OF MOUTH AND OTHER MEANS FOR PUBLICITY. HE ADDED, HOWEVER, THAT THEY (THE OPPOSITIONISTS) WERE INFORMING THE READERS OF TAIWAN DAILY NEWS OF THE AFFAIR THROUGH VARIOUS MEANS.

6. ONE NON-PARTY OFFICIAL BELIEVED WANG SHENG MAY HAVE ALSO HAD A PERSONAL MOTIVE FOR THE TRANSFER OF THE PAPER'S OWNERSHIP. WANG ALREADY CONTROLS CHINA TV SERVICE AND

THIS NEWSPAPER ADDS TO HIS "INFLUENCE." WANG REPORTEDLY
WISHES TO ENHANCE HIS POLITICAL POWER, PERHAPS WITH
ONE EYE ON BEING IN A BETTER POSITION IN CASE THE
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QUESTION OF A SUCCESSOR TO CCK AROSE. OUR SOURCE
BELIEVED TAIWAN DAILY NEWS WOULD NOT BECOME JUST ANOTHER
DULL GOVERNMENT PAPER BUT WOULD KEEP SOME OF ITS
INDEPENDENT FLAVOR (WITHOUT OF COURSE OPPOSITIONIST
COVERAGE).

7. COMMENT: THE GROC'S ACTION WILL, NEVERTHELESS,
LEAVE A BIG HOLE IN INDEPENDENT REPORTING ON PROVINCIAL
AND MID-TAIWAN POLITICAL EVENTS. A SOURCE WITH THE
INDEPENDENCE EVENING NEWS DID NOT BELIEVE SIMILAR ACTION
WAS IMMINENT AGAINST EITHER HIS PAPER OR THE TAIWAN TIMES
AS THEY ARE MORE CIRCUMSPECT ("BALANCED") IN THEIR
REPORTING OF NON-PARTY ACTIVITIES. THIS MOVE WILL BE
INTERPRETED AS A SIGN OF DECREASED PRESS FREEDOM AND
HENCE A FURTHER INDICATION OF A TOUGH GROC/KMT POLICY
CONCERNING THE CONDUCT OF THE DECEMBER ELECTIONS. UNGER

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